

Budget Organization and Glossary of Terms

Introduction

This Chapter is a guide to the organization of Boston city government and the FY05 Operating Budget.

The City of Boston, incorporated as a town in 1630 and as a city in 1822, now exists under Chapter 486 of the Acts of 1909 and Chapter 452 of the Acts of 1948 of the Commonwealth which, as amended, constitute the City's charter. The chief executive officer of the City is the Mayor. Reelected in November 2001, Mayor Thomas M. Menino is serving a four-year term ending in January 2005. The Mayor has general supervision of and control over the City's boards, commissions, officers, and departments. The portion of the City budget covering appropriations for all departments and operations of the City, except the School Department, is prepared under the direction of the Mayor.

The legislative body of the City is the Boston City Council, which consists of thirteen members serving two-year terms, of whom four are elected at-large and nine are elected from geographic districts. The City Council may enact ordinances and adopt orders that the Mayor may either approve or veto. Ordinances and orders, except for orders for the borrowing or appropriation of money, may be enacted by the City Council over the Mayor's veto by a two-thirds vote. The City Council may reject or reduce a budget submitted to it by the Mayor, but may not increase it.

Organization of City Government: The Mayor's Cabinet

Upon election, Mayor Menino implemented a new cabinet structure in the executive branch of city government. The cabinet structure delineates the major functional responsibilities of City government to improve the conduct of executive and administrative business of the City and to eliminate duplication and waste. The Cabinet

presently consists of fourteen cabinet members: Chief of Staff, Chief Operating Officer, Chief Financial Officer, Chief Economic Development Officer, Chief of Education, Chief of Human Services, Chief of Basic Services, Chief of Environmental Services, the two Chiefs of Public Safety, Chief of Public Housing, Chief of Public Health, the Corporation Counsel (the City's chief legal officer), and the Chief of Housing and Neighborhood Development.

The structure of the Mayor's cabinet is illustrated in the citywide organizational chart displayed on the next page. A description of the members of the Mayor's cabinet, the City departments for which they have authority, and their individual responsibilities, follows.

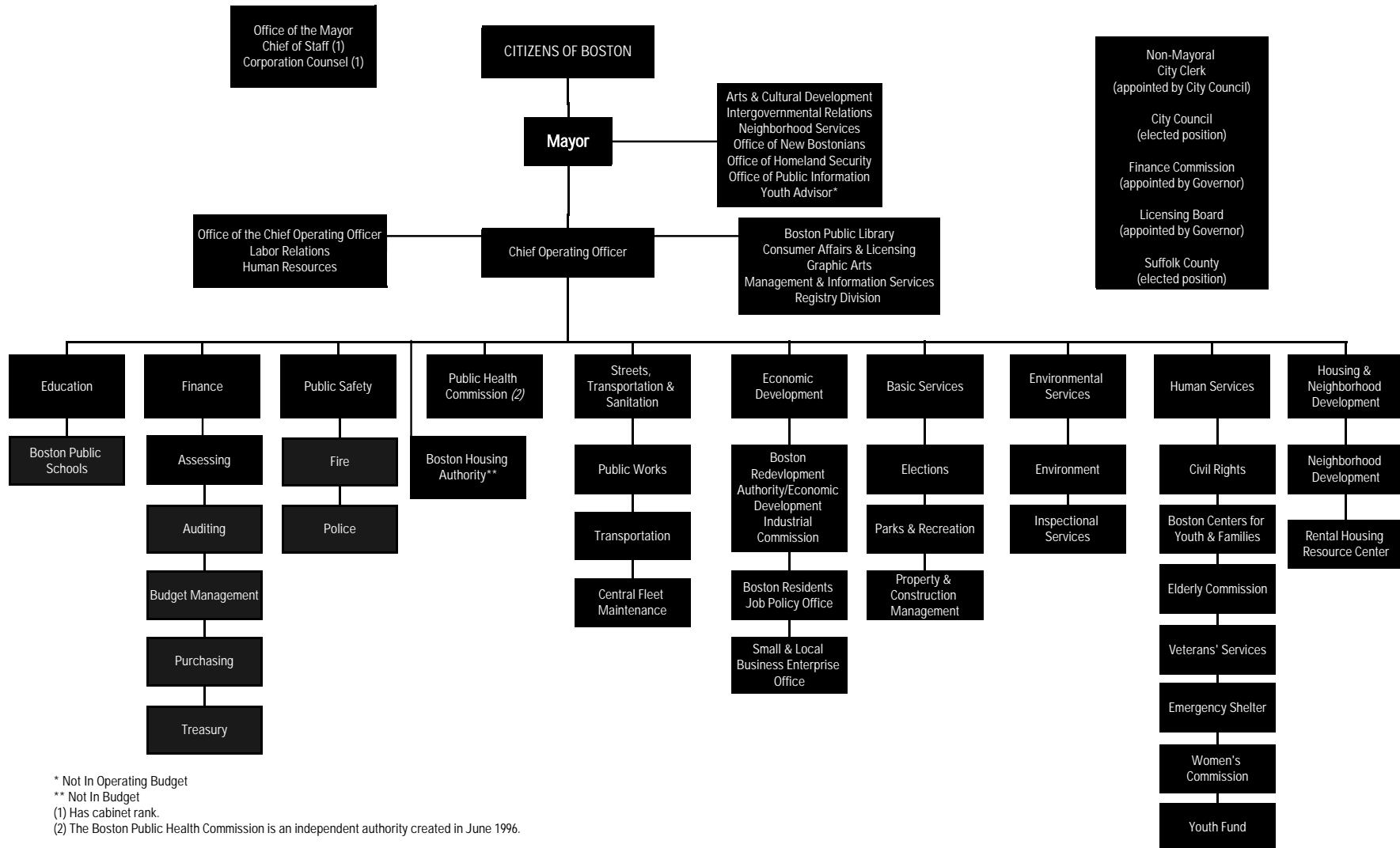
Chief Operating Officer

The COO is the key individual responsible for the daily administration of the entire city government and directly oversees Management Information Systems, Human Resources (including Workers' Compensation program), Health Insurance, Workers' Compensation Fund, Unemployment Compensation, Graphic Arts, Consumer Affairs & Licensing, the Boston Public Library, Registry Division and Labor Relations. The COO reports directly to the Mayor and is responsible for ensuring satisfactory performance of city managers.

Chief Financial Officer

The Chief Financial Officer (CFO), who also serves as the Collector-Treasurer, oversees all City financial matters, including the functions of the Treasury, Assessing, Auditing, and Purchasing Departments, as well as the Office of Budget Management

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(OBM), and the State-Boston Retirement Board. The Retirement Board, an independent board under Chapter 306 of the Acts of 1996, has its expenses funded through investment earnings but remains part of the Finance Cabinet. The City's Collector-Treasurer is responsible for supervision of the City's Treasury Department, revenue collections due the City of Boston and management of City borrowings and City payments, including amounts due on borrowings by the City in the form of either temporary or permanent debt.

Chief Economic Development Officer

The Chief Economic Development Officer is accountable for the planning and development functions of the City. The Director of the Boston Redevelopment Authority (BRA) serves as the Cabinet Chief. The Economic Development Cabinet is composed of the Boston Redevelopment Authority/Economic Development and Industrial Corporation (BRA/EDIC), the Small & Local Business Enterprise Office and the Boston Residents Jobs Policy Office.

Chief of Education

The Superintendent of the Boston Public Schools serves on the Mayor's cabinet. Among the responsibilities of the Superintendent is the development of a plan for schools and other City and non-City agencies to develop cooperative programs to guarantee that the best possible educational resources are available to Boston's children. The Superintendent is appointed by the Boston School Committee and serves as the Chief Executive Officer of the Boston Public Schools.

Chief of Human Services

The Human Services Cabinet is responsible for providing social services for Boston's citizens. This cabinet includes Boston Centers for Youth & Families, the Elderly Commission, the Emergency Shelter Commission, the Women's Commission, the Veteran's Services Department, the Youth Fund, and the Office of Civil Rights, which is comprised of the Fair Housing Commission, the Commission for Persons with Disabilities and the Human Rights Commission.

Chief of Basic Services

The Basic Services Cabinet is composed of the Parks and Recreation Department, Property & Construction Management and the Election Department.

Chief of Environmental Services

The Environmental Services Cabinet is made up of the Environment Department and the Inspectional Services Department. Other programs in the Cabinet include the Recycling Program of the Public Works Department, the Open Space Planning and Olmsted System Revitalization programs of the Parks and Recreation Department. The Chief of Environmental Services oversees the City's relationships with the Central Artery/Third Harbor Tunnel project, the federal Environmental Protection Agency, the state Executive Office of Environmental Affairs, the Metropolitan Area Planning Commission, and the Massachusetts Bay Transportation Authority (MBTA).

Streets, Transportation & Sanitation

The Streets, Transportation & Sanitation Cabinet includes the Public Works Department, the Transportation Department, Central Fleet Maintenance and Snow Removal. This cabinet formed last year continues to facilitate the consolidation of functional overlap between the Public Works and Transportation Departments.

Chiefs of Public Safety

The Public Safety Cabinet includes the Boston Police Department and Boston Fire Department. The Police Commissioner and Fire Commissioner both serve on the Mayor's cabinet.

Executive Director of the Boston Public Health Commission

The executive director of the Boston Public Health Commission (BPHC) oversees public health delivery in the City by hospitals, health centers and community organizations, as well as providing the City's emergency medical services.

Administrator of the Boston Housing Authority

The Administrator of the Boston Housing Authority (BHA) serves on the Mayor's cabinet as the Chief of Public Housing. The BHA is an

independent authority overseeing public housing developments and senior housing locations throughout the City.

Chief of Housing and Neighborhood Development

The Housing and Neighborhood Development Cabinet is composed of two departments, the Department of Neighborhood Development and the Rental Housing Resource Center. These departments work together to build strong neighborhoods, develop and preserve local businesses and improve housing stock. In addition, these departments assist people seeking housing and assist tenants with problem resolution and mediation with landlords.

Corporation Counsel

The Corporation Counsel has supervisory authority over all City attorneys and legal affairs and represents the City of Boston in litigation. The Law Department provides an array of legal services, including formal and informal opinions and advice to the Mayor, the City Council, the Boston School Committee, and other officials in matters relating to their official duties. The department also represents the same parties in litigation, reviews all City contracts, pursues claims on behalf of the City through affirmative litigation and initiates foreclosure proceedings on tax delinquent property.

Mayor's Chief of Staff

The Mayor's Chief of Staff oversees the day-to-day operations of the Mayor's Office, and responds to requests and critical issues efficiently and effectively. In addition, the Chief of Staff keeps an open, direct line of communication between the Mayor and Boston's communities in pursuing resident concerns. The Mayor's Office includes the Office of the Mayor, Office of the Arts and Cultural Development, Office of Homeland Security, Neighborhood Services, Public Information, Intergovernmental Relations, and the Office of New Bostonians.

An All-Funds Budget

The City of Boston presents a fully integrated budget, including capital, operating, and external

funds to show the full level of funds available to departments to fulfill their missions.

The operating budget maintains the day-to-day operations for departments to provide goods and services whereas the capital budget reflects long-term needs and planning for infrastructure development and repairs. The capital budget funds new construction or renovations to existing city-owned facilities (for example, police and fire stations and schools), infrastructure improvements (for example, roads, sidewalks, and lights), and major equipment purchases such as fire-fighting apparatus. The external funds budget describes the projects and programs that the departments will be undertaking in the next fiscal year, which are financed with funding received from the state, federal or other non-general fund sources.

Organization of the Budget

The City of Boston's Program Budget provides a wealth of information related to City services and their associated costs. The operating and capital budgets present recommended resource allocations in terms of personnel, facilities, goods, and services. The budget document also describes the kinds of services provided by City departments as well as the levels of services that will be achieved in FY05.

The Operating and Capital Budget Document: Organization of the Volumes

Volume I provides for citywide review of information on the FY05 budget and the context in which it is prepared. Sections include:

- Executive Summary,
- Summary Budget,
- City Council Orders,
- Revenue Estimates and Analysis,
- Innovations in Education,
- FY05 Budget and Performance Goals,
- Financial Management,
- Capital Planning,
- Statutes and Ordinances,
- Boston's People and Economy,
- Budget Organization and Glossary.

In Volumes II and III, cabinet and departmental budgets are presented, with the departmental budgets organized by cabinet. The cabinet

presentation includes cabinet mission and initiatives, followed by a table displaying total operating, external and capital budgets beginning with FY02 actual results through the FY05 budgets.

The Departmental Operating Budgets

Activities and services of the City are grouped into programs for budgeting and management purposes. The operating budget for each department is presented on a program-by-program basis.

A “program” is defined as:

An organized group of activities, and the resources to carry them out, that is directed toward attaining one or more related objectives.

For the purposes of program budgeting and program evaluation, a program can consist of direct services to the public and neighborhoods of the City (police patrol or voter registration), or traditional city staff functions (administrative services or engineering and design).

Some city activities may not be defined as separate programs even though they may be self-contained operations. For example, a fire station is not a separate program, although for accounting purposes it is a cost center within the Fire Department’s Fire Suppression Program.

While these program budgets serve as the basic building blocks of the budget, there are three additional organizational levels above the program level in the budget. The basic budget presentation is modified slightly depending on the structure of a department. The three levels are:

- The Division Level for budgeted units within some departments.
- The Department Level, which includes departments, commissions, and other offices.
- The Cabinet Level, which includes functionally related departments.

Description of Organization and Definition of Categories

This section outlines the structure of information reported within each department and program in the budget. It also defines what is included in the mission statements, services, performance objectives, service indicators, capital expenses, and external funds for FY05.

Department/Division Level

Mission statement: The mission statement is a fundamental statement of purpose.

Performance Objectives: These objectives reflect stated goals for which the division or department will be held accountable in FY05 and measured on a monthly basis.

Description: This text furnishes a general overview of the department and its responsibilities and lists examples of major services provided.

Authorizing Statutes: Statutes and ordinances that create departments as well as endow them with powers.

Operating Budget: The operating budget presentation includes a table displaying total operating and external budgets by program beginning with FY02 actual expenses through the FY05 budget.

Program Level

Description: This section furnishes a general overview of the program and its responsibilities and lists examples of major services provided. Added context is often displayed on the demand for services or to illustrate the scope of the department’s responsibilities in more detail.

Program Performance Objectives: Each program identifies the FY05 objectives by which the department will be measured.

Program Outcomes: The outcomes illustrate the intended achievement levels for program objectives in quantifiable terms.

Selected Service Indicators: The selected service indicators provide brief comparisons of personnel, funding, and measures of how well the program has performed for FY02 and FY03. It also includes FY04 and FY05 projected service levels, budgeted staff, and funding levels. Service levels may measure workload, service quality, inputs, outputs, efficiency or productivity.

In cases where the service level depends on an external factor (for example, the number of tax abatements or building permits applied for), the promised service level reflects the workload that the program is equipped to handle efficiently and effectively.

Programs report levels of service outputs and promised outcome achievements on a monthly basis.

Financial Data

The financial data identifies the major groups and expenditure account codes (for example, Personal Services/Overtime, Supplies and Materials/Office Supplies), the historical expenditures, and the proposed appropriations in these groups and expenditure account codes.

Two financial sheets are provided on the FY05 Operating Budget: Department History by Expenditure Account Code and Department Personnel data.

Department History by Expenditure Account Code:

The expenditure account codes are listed within six expenditure groups. Dollar amounts are shown for:

- FY02 actual expenditure,
- FY03 actual expenditure,
- FY04 appropriation,
- FY05 appropriation, and
- The difference between the FY04 appropriation and the FY05 appropriation.

Department Personnel Data

The personnel data show funding for permanent positions, including existing and proposed positions. All permanent positions are listed by salary grade within the department or division. The total salary request is listed for these positions.

For each position shown, the following information is provided:

Title: The civil service/personnel system job title of the position.

Union Code/Grade: The union code (including exempt or EXM) and code for the salary grade of the position.

Position and Salary Requirement: These columns are used to show the permanent positions that a department may fill based on available funds and the total funding provided for that title for the fiscal year.

Total Dollars: The total dollars for the permanent personnel, shown at the bottom right of the personnel sheet, reflects the amount of funding required to support personnel prior to adjustments. As applicable, this figure is then adjusted by differential payments, other payments, chargebacks, and salary savings.

Differential Payments: These payments are for employees who are either in intermittent job titles or who are entitled to additional payments based on shift (for example, night shifts). This figure is added to the salary requirements.

Other: These figures cover other payments such as sick leave, vacation buyback, and other similar distributions.

Chargebacks: These figures are payroll costs to be charged to another fund or appropriation.

Salary Savings: This figure reflects savings due to employee turnover. The amount is estimated based on historical experience and subtracted from the total salary requirements.

External Funds

The financial data identify the major groups and object codes of external funds expenditures (for example, Personal Services/Overtime, Supplies and Materials/Office Supplies), the historical expenditures, and the proposed appropriations in these groups and objects. The personnel data show permanent positions, including existing and proposed positions funded with external funds. All permanent positions are listed by salary grade within the department or division. The total salary request is listed for these positions. Department also lists program services and projects financed by external funds. Each profile includes a description of the program or project, the source of funding and the geographic area or citizens benefiting from the program or project.

Capital Budget

The capital section provides an overview of projects and major initiatives for departments charged with managing facilities and major equipment assets. The dollar amounts are shown for:

- FY02 actual capital expenditures,
- FY03 actual capital expenditures,

- FY04 projected capital expenditures,
- FY05 proposed capital expenditures

The next section reviews departmental capital project profiles, including descriptions of each project scope, the department managing the project and the status and location of each project. A table summarizes the total capital dollars authorized for project expenditure for not only FY05, but also for future years, as well as whether the source is City authorization or other funding such as federal and state infrastructure grants or trust funds. A listing of actual and planned capital expenditures in comparison to authorized dollars is beneath this table.

Glossary of Terms

Account: A classification of appropriation by expenditure account code.

Account Number: The number by which the Auditor categorizes an appropriation. For budget purposes, also known as appropriation code.

Accrual Basis: The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.

Allotment: The amount that can be expended quarterly for personnel as submitted to the City Auditor at the beginning of each fiscal year.

Appropriation: The legal authorization to expend funds during a specific period, usually one fiscal year. In Boston, the City Council is the appropriating authority.

Authorization: The legal consent to expend funds.

Baseline Budget: A budget that describes the funding required for maintaining current levels of service or activity.

Bond: An interest-bearing promise to pay, with a specific maturity.

Bonds Authorized and Unissued: The portion of approved bond authorizations or loan orders that have not yet been borrowed for or issued as bonds. Bond authorization available for future bond issues within a City's debt service plan.

Budget: A formal estimate of expenditures and revenues for a defined period, usually for one year.

Budget Amendment: A change from originally budgeted quotas; the forms filed by departments with the Human Resources Department and the

Office of Budget Management to justify these changes.

Capital Budget: A plan for capital expenditures for projects to be included during the first year of the capital program also known as a capital spending plan.

Capital Plan: A multi-year plan of proposed outlays for acquiring long-term assets and the means for financing those acquisitions. Usually, financing is by long-term debt.

Capital Improvement: An expenditure that adds to the useful life of the City's fixed assets.

Capital Improvement Program: A multi-year plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs.

Cash basis: A basis of accounting under which transactions are recognized only when cash changes hands.

Chapter 90 Funds: A state-funded program for payments to cities and towns for 100 percent of the costs of construction, reconstruction, and improvements to public ways.

Chargeback: A method of assessing departments for costs incurred by them for which they are not billed directly. Charges for telephone, postage, and printing are examples. Also, departmental expenditures that can be paid for with external or capital funds.

Cherry Sheet: A cherry-colored form showing all Commonwealth charges, distributions and reimbursements to a city or town as certified by the state Director of the Bureau of Accounts.

Collective Bargaining: The process of negotiations between the City administration and bargaining units (unions) regarding the salary and fringe benefits of city employees.

Commission: An appointed policy setting body.

Community Development Block Grant (CDBG): A federal entitlement program that provides community development funds based on a formula.

Computer-Aided-Dispatch (CAD) System: A network of computers that facilitates the dispatching of emergency Police, Fire, or Emergency Medical Service personnel.

Credit Balance: See departmental deficit.

Credit Rating: A formal evaluation of credit history and capability of repaying obligations. The bond ratings assigned by Moodys Investors Service, Standard & Poor's and Fitch Ratings.

Credit Transfer: The transfer of appropriations from one expenditure account code to another within a department; the form used to effect such a change.

Debit Transfer: Moving actual expenditures from one expenditure account code to another within or between departments; the form used for such moves.

Debt Limit: The maximum amount of debt that a governmental unit may incur under constitutional, statutory, or charter requirements. The limitation is usually a percentage of assessed valuation and may be fixed upon either gross or net debt.

Debt Outstanding: The general obligation bonds that have been sold to cover the costs of the City's capital outlay expenditures from bond funds.

Debt Service: The annual amount of money necessary to pay the interest and principal on outstanding debt.

Department: A major service-providing entity of city government.

Departmental Deficit: A condition that exists when departmental expenditures exceed departmental appropriations; also refers to the over-expended amount and credit balance.

Departmental Income: Income generated by a specific city department, usually as a result of user revenues applied for services rendered. Parking meter charges, building permit fees and traffic fines are examples of departmental income.

Division: A budgeted sub-unit of a department.

DNR: Did not report.

Encumbrance: Funds set aside from an appropriation to pay a known future liability.

Excise: A tax applying to a specific industry or good. The jet fuel tax and the hotel/motel occupancy tax are examples of excises.

Expenditure Account Code: An expenditure classification according to the type of item purchased or service obtained, for example, emergency employees, communications, food supplies, and automotive equipment.

Expenditure: An actual payment for goods or services received.

External Fund: Money that is not generated from city sources, but is received by an agency, such as grants or trusts.

Fiscal Year: The twelve-month financial period used by the City, which begins July 1 and ends June 30 of the following calendar year. The City's fiscal year is numbered according to the year in which it ends.

Fixed Debt: Long-term obligations other than bonds, such as judgments, mortgages, and long-term serial notes or certificates of indebtedness.

Full Faith and Credit: A pledge of the general taxing powers for the payment of governmental obligations. Bonds carrying such pledges are usually referred to as general obligation or full faith and credit bonds.

Full-time Equivalent Position: A concept used to group together part-time positions into full-time units.

Fund: An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources with all related liabilities, obligations, reserves, and equities that are segregated for specific activities or objectives. Among the fund types used by the City are General, Special Revenue, Capital Projects, Trust and Enterprise.

GAAP: Generally Accepted Accounting Principles. The basic principles of accounting and reporting applicable to state and local governments, including the use of the modified accrual or accrual basis of accounting, as appropriate, for measuring financial position and operating results. These principles must be observed to provide a basis of comparison for governmental units.

General Fund: The fund into which the general (non-earmarked) revenues of the municipality are deposited and from which money is appropriated to pay the general expenses of the municipality.

General Obligation (G.O.) Bonds: Bonds for whose payment, the full faith, and credit of the issuer has been pledged. More commonly, but not necessarily, general obligation bonds are payable from property taxes and other general revenues.

Goal: A statement, in general terms, of a desired condition, state of affairs or situation. Goals are long-term and not usually directly measurable without objectives. By establishing goals, the agencies can define their missions and the methods for achieving those goals.

Grant Year: The grant accounting period designated by the requirements of a specific grant.

Headcount: The actual number of full-time or full-time equivalent employees in a department at any given time. .

Interest: Compensation paid or to be paid for the use of money, including interest payable at periodic intervals or discount at the time a loan is made.

Interest Rate: The interest payable, expressed as a percentage of the principal available for use during a specified period of time.

Line Item: See Expenditure Account Code.

Massachusetts Water Pollution Abatement Trust (MWPAT): A statewide revolving fund that commenced operations in 1990 to address necessary environmental actions outlined in the Federal Clean Water Act. This fund revolves by MWPAT issuing large pooled bond issues for various environmental construction projects and then loaning these funds to communities with twenty-year zero interest repayment schedules.

Mayoral Reallocation: A transfer of appropriations of up to \$3 million that may be authorized by the Mayor up to April 15 in a given fiscal year to relieve departmental deficits or meet unanticipated financial problems.

Mission: A general overview of the purposes and major activities of an agency or program.

Modified Accrual Basis: The accrual basis of accounting adapted to the governmental fund type, wherein only current assets and current liabilities are generally reported on fund balance sheets and the fund operating statements present financial flow information (revenues and expenditures). Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized when the related fund liability is incurred except for a few specific exceptions. All governmental funds and

expendable trust funds are accounted for using the modified accrual basis of accounting.

Objective: See Performance Objective.

Official Statement (O.S.): The municipal equivalent of a prospectus - history, background of managers, fund objectives, a financial statement, and other pertinent data related to the city's financial condition.

Operating Budget: A legally adopted plan for anticipated expenditures for personnel, supplies, equipment and services in one fiscal year.

Outcome: A quantifiable, reportable measure of the intended performance objective; reflects the results of a program in terms of impact on the level of need or the problem being addressed.

Payments-In-Lieu-of-Taxes: Income to replace the loss of tax revenue resulting from property exempted from taxation.

Performance Measure: An indicator of achievement. Measures can be defined for identifying output, work or service quality, efficiency, effectiveness, and productivity.

Performance Objective: A statement of proposed accomplishments or attainments. Objectives are short-term and measurable.

PLOS: Promised Level of Service, the estimate of the outputs or outcomes being measured, based on the resources provided by the budget.

Principal: The face amount of a bond, exclusive of accrued interest.

Program: An organized group of activities, and the resources to carry them out that is directed toward attaining objectives.

Program Evaluation: The process of comparing actual service levels achieved with promised results; also refers to assessing, for the purpose of improving the way a program operates.

Proposition 2 1/2: A statewide tax limitation initiative petition limiting the property tax levy in cities and towns in the Commonwealth to 2 1/2 percent of the full and fair cash valuation of the taxable real and personal property in that city or town. The statute also places an annual growth cap of 2 1/2 percent on the increase in the property tax levy.

Quota: The planned number of positions that can be filled by a department, subject to the availability of funds. The quota can refer either to specific titles or to the number of personnel in the entire department. The quota of positions will change, from time to time, by means of a budget amendment. The actual number of personnel working in a department at any given time may differ from the quota.

Reimbursement Grant: A federal or state grant that is paid to the City once a project is completed and inspected for conformance to the grant contract. The City must provide the full funding for the project until the reimbursement is received.

Reserve Fund: An appropriation for contingencies.

Revenue: Income received by the City.

Salary Savings: For budget purposes, an amount that will be saved from annual turnover of personnel in any department.

Special Appropriation: An authorization to expend funds for a specific project not encompassed by normal operating categories.

Special Revenue Fund: Used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or sources for major capital projects) that are legally restricted to expenditures for specific purposes. A special revenue fund is accounted for in the same manner as a General Fund.

STAT: Statutory accounting and reporting adopted by a legislative body of a governmental entity. The method of recording and reporting actual expenditures and revenues within a plan of financial operations that establishes a basis for the control and evaluation of activities financed through the General Fund. When the budget basis and basis of accounting are different, a governmental unit usually maintains its records on a budget basis.

State Distributions: All City revenue flowing from the state. Major categories include, educational distributions and reimbursements, direct education expenditures, general government reimbursements and other distributions.

Sub-Program: A sub-program is defined discretely, for purposes of management. Several related sub-programs may make up a larger program.

Supplementary/Supplemental Appropriation: An appropriation that is submitted to the City Council after the operating budget has been approved. Such appropriations must specify a revenue source.

Tax Exempt Bonds: Bonds exempt from federal income, state income, or state or local personal property taxes.

TBR: To be reported.

Third Party Payment: Medical payments, usually from an insurance carrier to a health care provider on behalf of an injured or infirm party.

Trust Funds: Funds held by the City in a fiduciary role, to be expended for the purposes specified by the donor.

Unliquidated Reserve: A fund established at year-end, used to pay for goods and services received this year, but not billed until next year.